

INFORMATION BRIEF ON

DATEC

PREPARED BY

INPUT LTD

LONDON

JULY 1985

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Y-QAD
1985
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INFORMATION BRIEF ON DATEC

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INFORMATION BRIEF ON DATEC

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I INTRODUCTION

1. INTRODUCTION

- ° This information brief has been prepared for British Telecom to provide basic information on DATEC, a company formally known as Debenhams Applied Technology Ltd.
- ° The information in this brief is set out in the following form:
 - Chapter II is an overview. It provides details of the company background and its objectives. Basic company details are provided including its organisation and personnel.
 - Chapter III provides financial information on DATEC, an analysis of its sources of business and a turnover forecast for 1986.
 - Chapter IV is an outline description of DATEC's products and services, placing major emphasis on the network services.
 - Chapter V describes the marketing strategy being adopted by DATEC and an assessment of its competitive environment.
 - The Appendices contain additional financial information and copies of some DATEC publicity material.

II COMPANY OVERVIEW

II COMPANY OVERVIEW

A. BACKGROUND

- Datec is the trading name of Debenhams Applied Technology Ltd., a wholly owned subsidiary of Debenhams PLC the well known department store group.
- Datec was originally formed out of the Management Services Department of Debenhams about three years ago. At this time it was known as Debenhams Interactive Systems Company Ltd., the company being formally registered on the 4th February 1982.
- The principal objectives for which the Company was established are defined in Exhibit 11-I.
- The Management Services Department was first established as an independent profit centre before becoming a wholly owned subsidiary company.

EXHIBIT II-1

PRINCIPAL COMPANY OBJECTIVES

- To carry on the business of computer bureau and to deal in and operate all kinds of computer systems, software and programs and to act as consultants and advisers and to offer and deal in services relating to or involving the use of computers, computer time, expertise in computer operating and constructions, programming, systems analysis, systems development, telecommunications, interfacing of equipment, education and training advice and all matters connected with the use of computers and similar or associated equipment.
- To purchase, lease or take on hire computers, calculators, printing, plotting, display and data storage devices, controls, telecommunications equipment, computer peripheral equipment in general, other equipment and services connected directly or indirectly with the use of computers.

- At the time of its formation only minimal revenues were generated from outside the Debenhams group, almost the entire business was captive within the Debenhams Group.
- The company's brief (as can be seen from Exhibit 11-I) was to market its services outside the Debenhams Group and therefore to obtain commercial leverage from its internal skills capabilities and investments.
- During 1983 the Company sold its Viewdata Division to DISC International Ltd. This sale included certain net assets and intellectual property rights, but DATEC retained the rights to use and market the viewdata products.

B. COMPANY DETAILS

- Datec's registered office is situated at:
 - 1 Welbeck Street, London W1A 1DF
- The Company Secretary is Mr. N. P. H. Webster
- Datec's head office is situated at:
 - Bedford House, Park Street, Taunton, Somerset TA1 4DB.

Telephone: 0823-57041

Telex: 46150 DATEC G

- They also have a London office which is planned to move into new premises in Hounslow in August, currently they are based at:
 - Chesham House, 150 Regent Street, London W1R 5FA
 - Telephone: 01-439-6288
 - Telex: 261426 ADFONE G (ref: DATEC)
- The Company has a nominal share capital of 100,000 £1 Ordinary shares of which 97,000 have been taken up.
 - 96,999 of these are owned by Debenhams PLC,
1 Welbeck Street, London W1A 1DF.
 - the outstanding share is owned by Jubilee Fashions Ltd.
1 Welbeck Street, London W1A 1DF.
- The Directors of the Company are:
 - K. G. Bishop
 - D. J. Hillyard
 - A. S. Noble
 - G. E. Cox
 - M. C. Goodman
 - J. P. Leighfield

- M. J. Prentice
- A. Breckon
- C. J. Fisher
- B. F. Hume

- K. G. Bishop and D. J. Hillyard are non-executive directors, who are also directors of other Debenhams Group companies.
- A. S. Noble is another non-executive director.
- G. E. Cox is a management consultant and Director of Butler Cox and Partners Ltd.
- J. P. Leighfield is the Managing Director of ISTEI.
- The executive directors are:
 - M. J. Prentice, Managing Director
 - A. Breckon, Network Services Division
 - C. J. Fisher and B. F. Hume are responsible for the Software Development and OEM Divisions.
 - M. C. Goodman is the Finance Director.

- DATEC is organised into three basic divisions plus a separate consultancy activity which also reports in directly to the Managing Director, see Exhibit 11-2.
- The activities of these various functions are described in Chapter IV, Product Overview.
- DATEC employs about 220 personnel, of which approximately one half are in the Network Service Division. This relatively high number is accounted for by the large data preparation business and the relatively large number of operations personnel needed to man 'round the clock' shifts at the Taunton Computer Centre.
- The growth in the number of people employed by DATEC has slowed in the last year as can be seen from the analysis shown in Exhibit 11-3.
- Major growth emphasis is being placed on the Network Services Division, in particular VANS and the need to grow a salesforce capable of handling this side of the business.
- Growth in this area, from a very small base, is high. Up to April 1985 there were only 2 salesmen employed, as of July 1985 there are 5 and one further salesman is currently being

EXHIBIT II - 2

DATEC ORGANISATION CHART

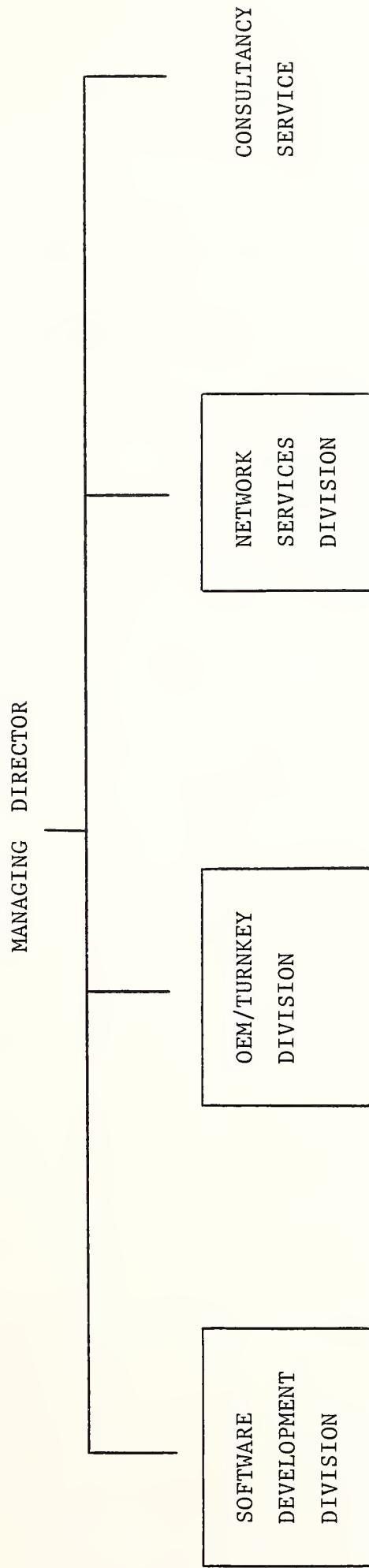


EXHIBIT II - 3

PERSONNEL GROWTH

	Numbers of people		
	1985	1984	1983
Management	-	144	127
Other	-	59	52
Total	—	—	—
% year on increase	8.4%	13.4%	

recruited. Additionally a sales manager was employed in April of this year.

- This group (Network Services Division Sales) also employs one sales support person and 2 more are currently being recruited.
- Salespeople are not used to negotiate the captive business with the Debenhams Group, this business is handled by the relevant project manager in a manner analogous to the period when DATEC was the Management Services Department for the Group.
- DATEC operates a computer centre at Taunton utilising ICL equipment (2966's and ME29's) as well as Microdata Sequoias and some DEC equipment.

III FINANCIAL INFORMATION

III FINANCIAL INFORMATION

- DATEC's financial year runs to the 28th January.
- The latest issued financial results were for the year ending 28th January 1984 and the balance sheet and profit and loss account are shown as Exhibits III-1 and III-2 respectively.
- These show comparative data for the year ending 28th January 1984 with the previous year ending 28th January 1983.
- Back-up data is provided in the Exhibits included as Appendix A.
- Additionally it is understood that turnover for the year ending 28th January 1985 reached approximately £8 million.
- Exhibit III-3 shows a three year comparison of DATEC turnover, and profits before tax.

EXHIBIT III - 1

BALANCE SHEET/YEAR ENDED 28th JANUARY 1984

(Published 30th July 1984)

Debenhams Applied Technology Limited

		1984	1983
		£000's	£000's
FIXED ASSETS			
Tangible Assets	*	2813	2222
CURRENT ASSETS			
Stock	*	53	72
Debtors	+	1545	769
Cash at bank and in hand		2	533
CREDITORS: Amounts falling due within one year	+	(1602)	(1316)
NET CURRENT ASSETS		(2)	58
TOTAL ASSETS LESS CURRENT LIABILITIES		2811	2280
CREDITORS: Amounts falling due after more than one year	+	(2438)	(2045)
CAPITAL AND RESERVES \pm		373	235
Called up share capital		97	97
Profit and loss account		276	138
		373	235

* See Exhibit A-1

+ See Exhibit A-2

 \pm See Exhibit A-3

EXHIBIT III - 2

PROFIT AND LOSS ACCOUNT

YEAR ENDED 28th JANUARY 1984

(Published 30th July 1984)

Debenhams Applied Technology Limited

	1984	1983
	£000's	£000's
Turnover	6179	4318
Cost of Sales	(929)	(712)
	_____	_____
Gross Profit	5250	3606
Administrative expenses	(4914)	(3377)
	_____	_____
Operating profit	336	229
	_____	_____
Other items - employee profit share	(9)	-
Interest receivable and similar income from group companies	-	85
Interest payable and similar charges (Loans from group companies)	(14)	-
	_____	_____
Profit on ordinary activities before** taxation	313	314
Tax on profit on ordinary activities**	1	(38)
	_____	_____
Profit for the financial year on ordinary activities after taxation	314	276
Extraordinary item	+	-
	_____	_____
	575	276
Dividends paid and proposed	±	(437)
Retained profit brought forward	±	138
	_____	_____
Retained profit carried forward	276	138
	=====	=====

** See Exhibit A-4

+ Net proceeds from the disposal of the company's Viewbase Division

± See Exhibit A-5

EXHIBIT III - 3

THREE YEAR SALES AND PROFIT SUMMARY
(£000's)

	1986	1985	1984	1983
Turnover	11,300+	8,000	6,179	4,318
% increase over previous year	41%	29%	43%	-
Operating Profit	-	-	336	229

+ INPUT Estimate

- It can be seen that growth has declined.
- Exhibit III-4 shows an analysis of the growth (and expected growth) in both captive and non-captive turnover for DATEC.
- The non-captive growth revenues of £3.2 million were estimated by INPUT to be derived as follows:

- Software Development Division	£0.7 M
- OEM/Turnkey Division	£0.7 M
- Network Services Division	£1.5 M
- Consultancy Service	£0.3 M

	£3.2 M

EXHIBIT III - 4

GROWTH OF DATEC'S NON-CAPTIVE BUSINESS

(£000's)

	1986	1985	1984	1983
Turnover	11,300+	8,000	6,179	4,318
Captive	5,300	4,800	4,420	4,100
%	47	60	72	95
Non-Captive	6,000	3,200	1,759	218
%	53	40	28	5
Growth Rate of Non-Captive revenues	87	82	807	-

+ INPUT Estimate

IV PRODUCT AND SERVICE
OVERVIEW

- The range of products and services marketed by DATEC can be clearly classified from their organisation chart (shown as Exhibit II-2). These fall into the four categories of:
 - Major Software Development
 - OEM and Turnkey Systems
 - Bureau and Network Services
 - Consultancy Services
- Each of these areas of business and marketing focus for DATEC are described below.

A. NETWORK SERVICES

- This area is most clearly the one of highest focus for

development and has grown out of the original in-house bureau services to the Debenhams Group.

- ° Although based upon, and including the bureau services, it is now known as the Network Services Division.
- ° The major expansionary development concerns DATEC's Value Added Network which provides the support for VIDEOTEX services.
- ° DATEC's VAN was originally set up as an internal development to serve the data capture needs of Debenhams's department stores. Although there is some POS equipment it is fundamentally an off-line system collecting sales data throughout the week for batch processing on Saturday night.
- ° Sales analyses are then available to store management (via VIDEOTEX terminals) on Sunday.
- ° Electronic mail (a VIDEOTEX system called ENVOY) and credit checking services are major applications also run on the network.
- ° The network was installed by Debenhams own staff together with a contract with INFOTRON SYSTEMS LTD. the suppliers of the network equipment.

- From an original configuration of 20 nodes, the DATEC network has subsequently been expanded to 60. This provides in excess of 700 ports of either leased line or dial-in connection to the system offering VIDEOTEX services and connection for nearly all protocols of the major vendors of equipment.
- DATEC claim that 95% of the population can dial in to the system at local call rates. Exhibit IV-1 shows a DATEC map indicating local call, 'a' and 'b' rate access areas.
- The network is based on statistical multiplexing technology using leased circuits incorporating Kilostream links from the main concentrator points at London, Manchester, Bedford, Harrogate, Taunton and Stirling.
- Exhibit IV-2 shows the DATEC network as configured in July 1985 and also showing planned extensions.
- An important decision taken by DATEC was to make their network operation transparent to users. When connected to the network the message 'Which Service?' is displayed, which upon being input by the user routes him automatically to the service providers host.
- This is seen by DATEC as a key sales point when negotiating with potential network clients like other service bureau.

DATEC NETWORK

Local call

'a' rate access

'b' rate access



Local and 'a' rate access

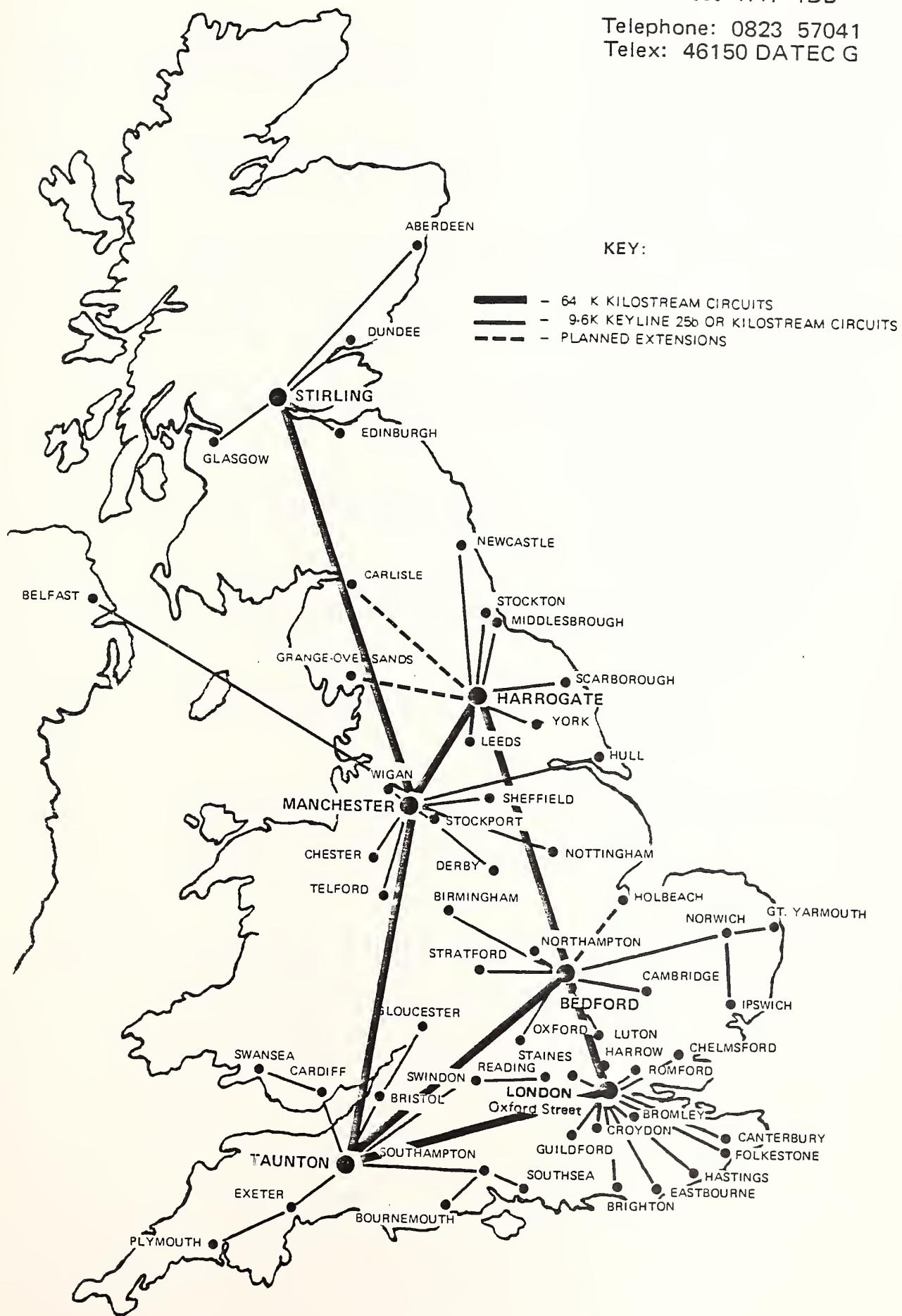
THE DATEC NETWORK

JULY 1985

datec

Bedford House
Park Street, Taunton
Somerset TA1 4DB

Telephone: 0823 57041
Telex: 46150 DATEC G



- Further details of DATEC's bureau and network services can be found in the publicity material included as Appendix B.

B. OTHER BUSINESS AREAS

1. Major Software Development

- This area of DATEC's business concentrates on obtaining large software development contracts for the retail sector.
- The main applications specialised in are:
 - Credit Checking Systems
 - Stock Taking Systems

2. OEM/Turnkey Systems

- This part of DATEC builds integrated systems (turnkey systems) based upon Hewlett Packard 3000 systems.
- The software systems are based upon VIDEOTEX technology and are targeted primarily at the retail trade but also to some extent towards the travel industry.

- The approach adopted in this area is to build complete turnkey or integrated systems to be installed as a complete working package on the customer's site.

3. Consultancy Services

- This is a small highly specialised group of about 10 consultants that provides services in the areas of:

- PICK Operating System
- Network design and development
- Computer system sizing

V MARKETING STRATEGY

- The principal marketing strategy of DATEC is the development of their network service to become a leading player in the emerging market for VANS.
- Related activities like network consultancy can also be developed as subsidiary strategies.

A. NETWORK APPLICATIONS.

- The current primary focus is on the automobile trade, and DATEC are currently negotiating with a number of manufacturers for contracts to supply Value Added Network Services for VIDEOTEX systems.
- Both manufacturers and distributors of cars use VIDEOTEX systems for 'car location' and 'on-line ordering'. Together with 'hire purchase' and other financial systems (eg.

insurance) and 'Glass's Guide - on-line' there are a vast range of VIDEOTEX applications needing communications access.

- ° DATEC are working towards capturing an increasing proportion of this traffic on their network.
- ° DATEC are conscious that with a limited salesforce it is not possible to exploit all the opportunities that are rapidly evolving in the marketplace. Nevertheless they are attempting to expand their salesforce as fast as possible.
- ° New areas which they foresee as presenting attractive opportunities are:
 - Insurance
 - Stock Brokers
 - Financial Services (Banks and Building Societies)
 - Service Bureau
- ° These are seen only as potential areas for business development for the network. Little activity has taken place to date with the exception of the service bureau area.

- DATEC are currently negotiating with a major service bureau to handle a part of their network, the part which has low utilisation.
- This is an attractive proposition to the bureau since it can potentially lower its network costs and is attractive to DATEC as it is most likely to increase the utilisation of their least used nodes and connections.
- DATEC are also currently negotiating with a major British Bank for the contract to supply networking capability.
- Interestingly, DATEC have largely ignored the retail sector, despite the strength they have in systems and services provided to Debenhams. This can be attributed to the need to develop away from their origins and perhaps also to retain a competitive edge in the department store business.
- In general DATEC foresee opportunities for the supply of network services arising with any organisations that need information from clients or suppliers eg. orders and invoices. This data (or information) does not necessarily have to be captured in real time but can often be dumped on a daily basis.
- Once captured the information then becomes accessible for interrogation at any desired frequency or time interval.

B.

COMPETITIVE ENVIRONMENT

- DATEC's view is that currently they have only two competitors:
 - ISTEL
 - BRITISH TELECOM
- This is, however, in a market which is potentially huge and where the capability to meet all needs is woefully inadequate.
- ICL's Network Services Division, recently renamed as the ICL VANS Business Centre in the recent STC reorganisation, is not yet seen as a strong threat.
- This is because its network implementation has not yet covered a significant geographical area. Potentially they could become a major player particularly since their salesmen are currently making the claim to potential network clients that they will cover 90% of the UK by the end of 1985.
- ICL's area of focus are with Travel Agencies (TRAVINET) and with the Article Numbering Association (TRADANET).
- ISTEL are clearly viewed as the prime competitor with their INFOTRAC network. ISTEL have further increased the competitive

pressure with the announcement earlier this month of their EDICT Open System for electronic data interchange.

- DATEC, at this point in time, does not see British Telecom as an active threat to its business. It views BT's pricing strategy as complex and confusing for clients (although based on essentially low tariffs) and allied to the fact that PSS is very inefficient for the transmission of VIDEOTEX.
- However, DATEC would be concerned at any major liaison between BT and some other third-party (eg. analogous to the JOVE initiative) or predatory pricing moves.
- DATEC are in the happy position of being an early player in a rapidly developing market. However INPUT believes that they would be naive to underestimate the potential threat from other (much larger) organisations keen to share the spoils.
- As well as the organisations seen as primary competition by DATEC (ISTEL, British Telecom and ICL) IBM and major network operators like GEISCO are active in preparing to enter this market.

APPENDIX A : FINANCIAL

EXHIBIT A - 1

TANGIBLE FIXED ASSETS AND STOCKS

Debenhams Applied Technology Limited

° Tangible fixed assets

	Total	Plant and Machinery	Fixtures Fittings Tools & Equipment
	£000's	£000's	£000's
Cost or valuation at 30th January 1983	3078	163	2915
LESS: Accumulated depreciation to 30th January 1983	(856)	(12)	(844)
Net book value at 30th January 1983	2222	151	2071
Reclassifications			
Additions at cost	2027	77	1950
Group transfers	(4)	(4)	-
Disposals (Net)	(664)*	(56)	(608)
Depreciation charged in year	(583)	(47)	(536)
Scrappings (Net)	(185)**	-	(185)
Net book value at 28th January 1984	2813	121	2692
Representing assets stated at:			
Cost	3679	187	3492
LESS: accumulated depreciation	(866)	(66)	(800)
Net book value at 28th January 1984	2813	121	2692

* cost 957, less accumulated depreciation of 293

** cost 463, less accumulated depreciation of 278

° Stocks

	1984	1983
	£000's	£000's
Raw materials and consumables	45	27
Work in progress	-	45
Finished goods and goods for resale	8	-
	53	72

EXHIBIT A - 2

DEBTORS AND CREDITORS

Debenhams Applied Technology Limited

° <u>Debtors</u>	1984 £000's	1983 £000's
Due within one year:		
Trade debtors	70	59
Amounts owed by group companies	441	599
Prepayments and accrued income	194	111
	705	769
Due after more than one year:		
Amounts owed by group companies	840	-
	1545	769
° <u>Creditors</u> (amounts falling due within one year):	1984 £000's	1983 £000's
Trade creditors	78	203
Lease obligations	460	315
Amounts owed to group companies	2	375
Other creditors including taxation and social security		
Taxation	89	66
Social Security	44	133
Accruals and deferred income	393	186
Proposed dividend	437	138
Payments received on account	99	33
	1602	1316
° <u>Creditors</u> (amounts falling due after more than one year):	1984 £000's	1983 £000's
Interest-free subordinated loan - parent company	803	703
Leasing obligations	1635	1342
	2438	2045

EXHIBIT A - 3

CAPITAL AND RESERVES

Debenhams Applied Technology Limited

° Called up share capital and share premium account

	Share capital £000's
Authorised 100,000 ordinary shares of £1.00 each	100
	=====
Issued fully paid as at 28th January 1984	97
	=====

° Reserves

	Profit and Loss Account £000's
Balance at 30th January 1983	138
Profit retained for the year	138
	=====
Balance at 28th January 1984	276
	=====

The distributable profits of the company
at 28th January 1984 are £276,000.

PROFITS AND TAXATION

Debenhams Applied Technology Limited

Profit on ordinary activities before taxation	1984 £000's	1983 £000's
---	----------------	----------------

Profit on ordinary activities before taxation is stated after charging:

Hire of plant and machinery	425	377
Other leasing charges	125	145
Pension contributions	74	41
Depreciation and amortisation	583	325
Auditors remuneration	5	5
Directors emoluments	231	149
	<hr/>	<hr/>
	1443	1042
	<hr/>	<hr/>

- Tax on ordinary activities

United Kingdom Corporation Tax at 52 per cent (1983 52 per cent) based on the profit for the year	-	64
	<hr/>	<hr/>

Payments for group relief:

Claimed	-	38
Surrendered	(1)	-
	<hr/>	<hr/>
	(1)	38
	<hr/>	<hr/>

- Deferred taxation

No provision has been made for deferred taxation as no liability is expected to arise in the foreseeable future. The estimated potential liability if full provision had been made is:	£000's	£000's
--	--------	--------

Deferred tax 1983/84

Accelerated capital allowances	254	115
Chargeable gains rolled over	15	-
Other reversible timing differences	146	-
	<hr/>	<hr/>
Potential liability	415	115
	<hr/>	<hr/>

EXHIBIT A - 5

DIVIDENDS AND RESERVES

Debenhams Applied Technology Limited

° Dividends	1984 Per Share	£000's	1983 Per Share	£000's
Proposed	£4.51	437	£1.42	138
	<hr/>	<hr/>	<hr/>	<hr/>
° Reserves			Profit and Loss Account	
			£000's	
Balance at 30th January 1983			138	
Profit retained for the year			138	<hr/>
				<hr/>
Balance at 20th January 1984			276	<hr/>
				<hr/>

The distributable profits of the company
at 28th January 1984 are £276,000.

APPENDIX B : PUBLICITY
MATERIAL

Our expertise — yours for the asking

DATEC has grown from being the computer and management services department of the long-established and multi-million pound Debenhams Group.

It was launched in February 1982, having had 15 years' solid experience providing computer services to meet the demands and pressures of the retailing and consumer credit world.

This experience has constantly kept pace with the newest developments in sophisticated technology — and in many cases, we've been leading the field.

This means the company has taken its place

in the external commercial market with tried-and-tested expertise and an in-depth understanding of its clients.

In February 1984 the company was re-named DATEC — Debenhams Applied Technology Ltd — having traded originally as DISC. In the first two years, sales and profits have grown by more than 20 per cent each year.

DATEC operates a large computer bureau with mainframes, mini-computers and more than 600 on-line terminals. It supports an extensive data network linking more than 40 towns and cities, with the latest British Telecom kilostream circuits being used on trunk

routes to provide massive capacity.

DATEC has a special licence, allowing it to provide value-added network services; and it already acts as a data carrier linking into other organisations' computer centres.

The bureau provides a number of specialist services in support of business systems. These include a production and processing facility for Kimball Tags and an automated mailing centre which streamlines the mailing of statements, invoices and marketing material to thousands of addresses.

continued over page ▶

datec

DATEC's systems divisions are widely experienced in many areas of retailing. These include sales reporting, management of selling space, stock control, merchandising and special order processing.

Many of the systems in operation use low-cost viewdata terminals, which offer ease of use for non-technical staff.

Hand-in-hand with retailing goes credit management, and here again DATEC has broadly-based but detailed experience. The company handles account maintenance for more than

900,000 accounts, along with all aspects of computerised debt collection and control.

Various support systems have been developed, including personnel records, property management and catering control.

Effective systems development requires the support of top-grade technical experts. DATEC's technical services group includes specialists in such fields as computer system sizing, network planning and interfacing specific devices like viewdata sets and transaction telephones.

In every area, DATEC staff work to the highest professional standards. A programme of continued recruitment has enabled DATEC to bring in senior consultants and management from long-established systems houses and bureaux, and these members of the team complement the hard-won expertise of the original Debenhams staff.

A graduate recruitment programme ensures that young talent is available to become the experts of tomorrow.

datec

Contact: the Marketing Manager
Telephone: 0823 87979 Telex: 46150
Bedford House, Park Street, Taunton, Somerset TA1 4DB

“The Network that Scores High on Flexibility”

Reprinted from:
“COMMUNICATE”
July/August, 1984

datec

Store Group offers its services to outside users

Communicate visits Taunton to talk to Datec about systems available to retailers

The next time you pay for goods by credit card, while you wait for the assistant to phone up and authorise the transaction, you can reflect that the line for the authorisation call may well have been provided by Datec. One of the companies that has been granted a Value Added Network Services (Vans) licence from British Telecom, Datec operates an extensive data network that links over 40 towns by high-capacity Kilostream circuits. Datec claims to have been the first company to offer automatic credit card authorisation via in-store transaction telephones and with the use of credit cards growing steadily, it's an important business area. The company now services 520 transaction phones, mainly in high risk areas like London's Oxford Street.

Eighteen second average call time

As well as Welbeck, the private credit card company that runs Debenhams' credit service, Datec now provides authorisation for Visa cards, and reckons to provide a faster service than any other comparable system with an average call time of 18 seconds.

But credit card authorisation is by no means the only string to Datec's bow. It also uses its network for electronic mail services, for management information, and for in-store information systems based on viewdata. With 50 nodes, Datec claims that its network offers the dial-in user better coverage than BT's switched stream services — and at local call rates.

Linked into the Kilostream network, Datec operates a large computer bureau at Taunton, where two ICL mainframes and several Microdata minis support over 400 terminals. This bureau provides a number of specialised services like automated mailing. Its systems division has expertise in sales reporting, selling space management, stock control, order processing and credit management — it manages the accounts of over 900,000 clients. Datec also has a technical service group, which provides expertise in computer systems sizing, network planning, communications, and interfacing special devices such as viewdata terminals.

You may have noticed that Datec's services are strongly orientated towards the retail trade. That becomes

IN WHAT circumstances could a Value Added Network Supplier provide a solution to problems faced by the Data Processing Manager or the Telecommunications Manager?

Data Processing Manager

- ★ Currently running a data preparation section, key punching documents sent in from several (or many) locations?
- ★ Faced with the need (or wish) to capture data locally, ie in the branches, but cannot justify the cost of setting up dedicated communications facilities?
- ★ Intending to implement own network ultimately but would like a cheaper way to start initially?

Telecommunications Manager

- ★ Wants to implement a network but would like consultancy assistance in methodology, in design, equipment selection and implementation?
- ★ Wants to augment existing facilities in geographic areas where in house data traffic is insufficient to warrant own facilities?

knowledge of advanced computer technology, with the aim of providing better in-house retailing and credit services. Then in February 1982, it started to put this acquired expertise to wider commercial use, with the formation of a separate company, then known as Disc. Since then, it has grown by over 20 per cent each year, and now has a turnover of £6.5 million. On February 1 this year, its name was changed to Datec.

A wholly-owned subsidiary of Debenhams, Datec is now 200 people strong, 80 of them in computer consultancy, systems and programming. Though the bureau side of the company is going strong, it is the communications services, in the form of its Vans network and turnkey systems, where the company sees its main growth arising.

Network scores high on flexibility

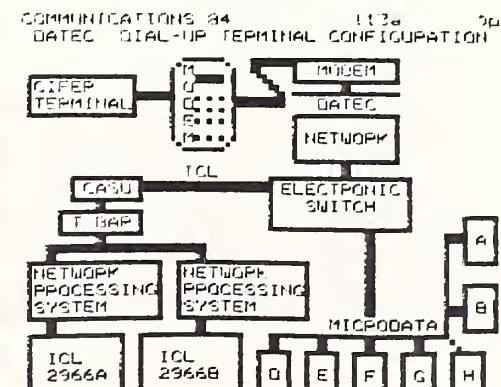
The network was built up from simple beginnings — a point-to-point connection from Debenhams' headquarters at 1 Welbeck Street, London, down to its computer centre at Taunton. Gradually more nodes were added to the network in a star configuration; 23 in early 1982, 23 more in early 1983, and the remainder in late 1983-early 1984. These nodes support 500 ports and 600 devices.

According to Andy Breckon, Datec's network scores high on flexibility. "The configuration of the network means that we have backup in the event of one or several nodes failing. It's been designed with rerouting and load sharing in mind. We can cover a larger geographical area, and we aren't locked into one manufacturer." Emulation software packages built into the network allow users to access it with IBM, ICL and Microdata equipment.

As well as the commercial services Datec offers on its network, it is also

more understandable when you discover that Datec stands for Debenhams Applied Technology. According to Datec's Andy Breckon, "We started life as a traditional in-house data processing department. Our systems came from batch origins, with little in the way of online services, and no exploitation of communications."

Datec has been using computer systems for 15 years now. From about 1977 onwards it started to polish up its

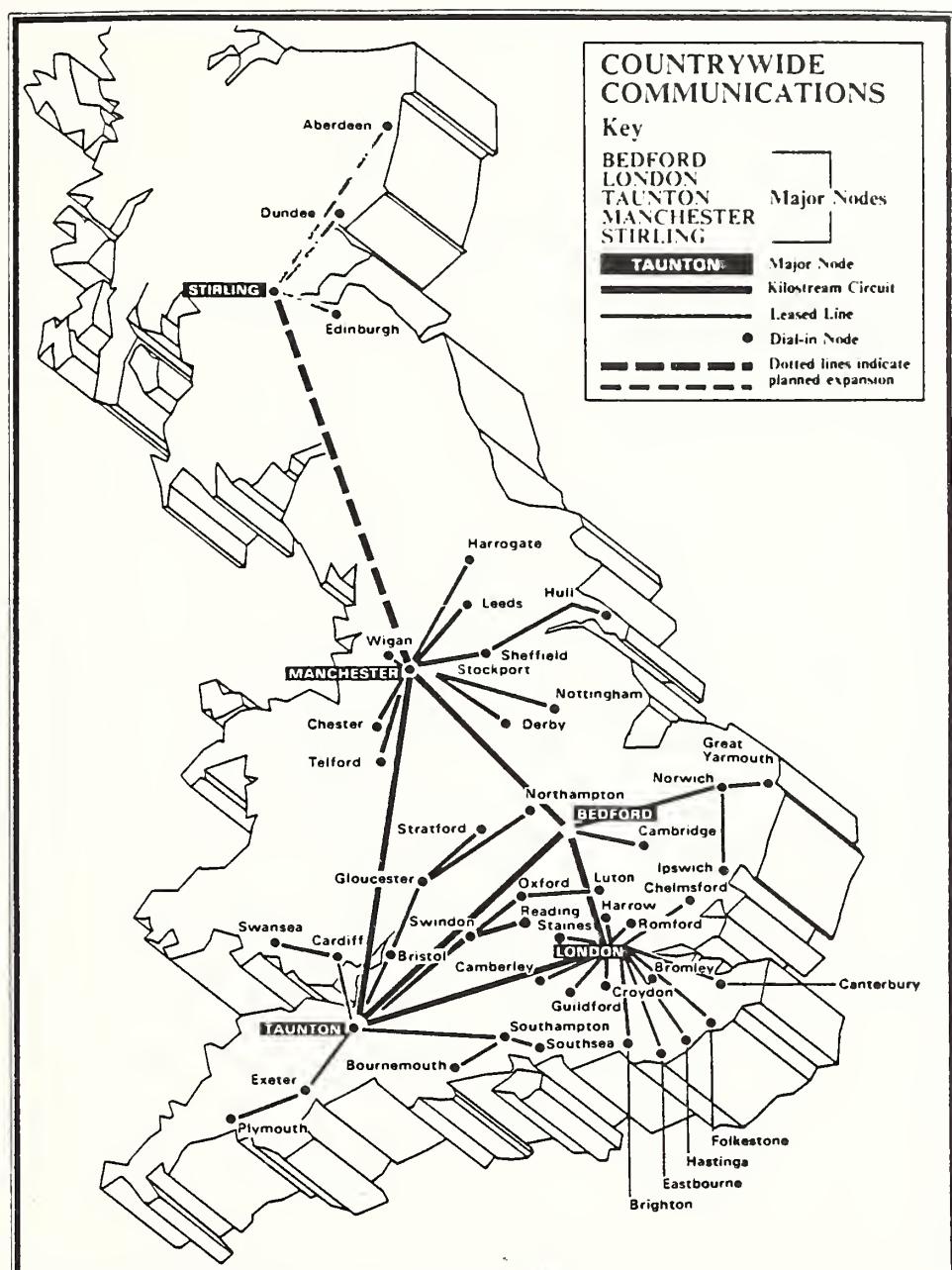


used extensively in-house by its parent company. Debenhams uses the electronic mail service to send newsletter-style instructions to all its branches. "The big advantage with that," says Andy Breckon, "is that you can tell which branches have read the message and which haven't. For instance, Debenhams recently had a scare about forged £50 notes, and by checking who had read their electronic mail, they were able to ring up and alert any branches that didn't yet know about it."

Debenhams' account customers can use the network to check up on the funds left in their accounts, and to quickly add information such as change of address. The network has also provided Debenhams' managers with some interesting Sunday evening reading. That's when the latest information on the week's sales arrive at the managers' terminals in home, so they can storm into the office first thing on Monday and sort out the problem before any serious loss in profits can result.

Scope for future demand

Despite all this activity on the network, Datec is still only using 10 per cent of the bandwidth, and anticipates no problems in coping with future demand. In fact, it is looking to pull even more customers in. "The more users we have, the cheaper it is for each individual," Andy Breckon points out. One way of doing this is by extending the range of services Datec provides. Many services formerly restricted to Debenhams are now being extended to outside users. The quick update on sales performance — the so-called 'flash sales' system — is now being offered to owners of the Debenhams shops-within-shops. The Carpet System is also being offered to other large retailers. It's a viewdata-based service that allows carpet sales people instant information on whether the carpet a customer orders is available, and exactly when delivery will be. If the order cannot be met, the system will suggest alternatives, and all this can be done in full view of the customer. "A big selling point is that the sales person takes the customer to the screen, so that they can see exactly what's going on." Datec is now trying to form a consortium of carpet manufacturers to make a modified version of the Carpet System available



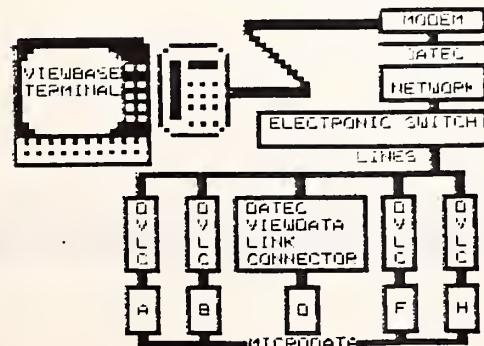
The map shows the impressive service already offered as well as future expansion.

to small independent retailers at an affordable price — say £400 to £500 a year.

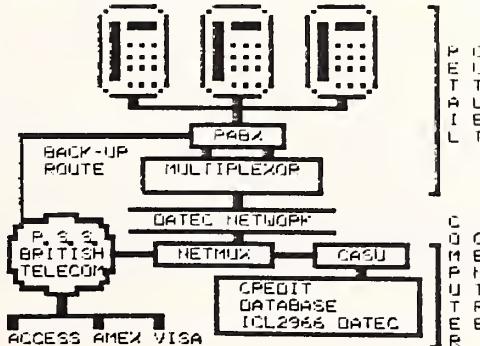
Clearly the bulk of Datec's business is with the retail trade, but Andy Breckon insists that the company is not ruling out other types of customer. "Our network is for anyone dealing with a large number of dispersed outlets. It just tends to be the retailers that have that kind of wide geographical spread."

As well as generating more interest in its network services, Datec is committed to expanding the consultancy side of its business, building on the expertise it has gained. "Another important leg to our marketing plan is recognising that we've put large networks in and gained a lot of skills. We're keen to do network planning and consultancy too — either in defined areas like dimension and design, or by offering a whole package. There are lots of naive people out there, wanting a communications network, who aren't aware of the alternatives."

COMMUNICATIONS '84 114a 39
DATEC DIAL-UP VIEWBASE CONFIGURATION



COMMUNICATIONS '84 115a 39
DATEC CREDIT AUTHORISATION TELEPHONES



The equipment

The data communications equipment for the Debenhams network was supplied and installed by Infotron Systems Ltd. Andy Breckon, in his presentation to the Networks '84 Conference stated that bids were originally received from three suppliers. The initial order was worth in the region of a quarter of a million pounds and Infotron equipment was selected as the most suitable for the job.

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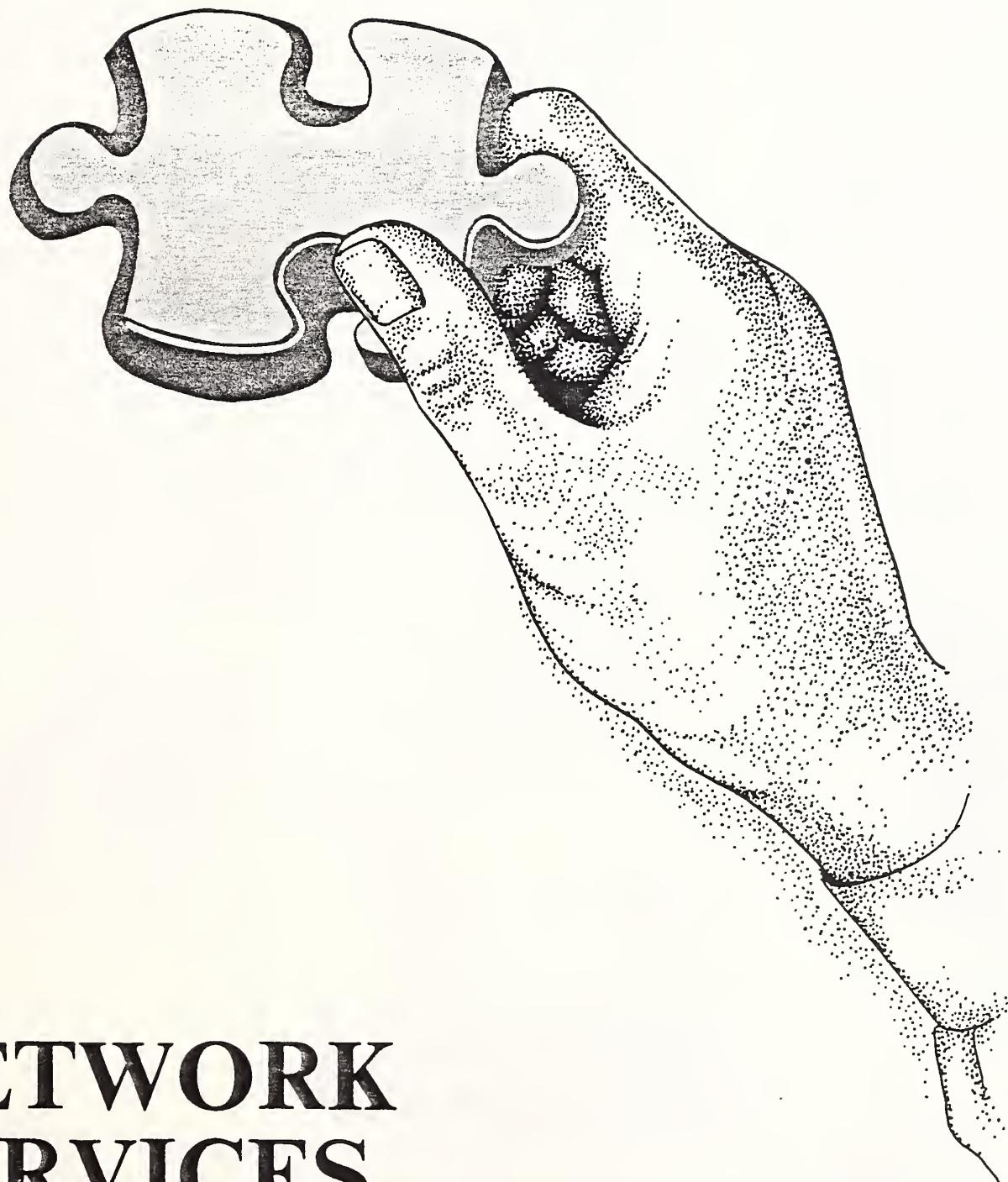
For Further Information

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NETWORK SERVICES

You've found the
piece to solve your
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puzzle

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Facts and figures at the touch of a button

There's a new communications force at work. The DATEC Network.

Imagine being able, at the touch of a button, to pass information between your head office and the regional headquarters; to move facts and figures and all sorts of business data between your various branches.

Retail groups, caterers, travel agents, building societies — any business, in fact, which has a multi-outlet base — can benefit from joining the DATEC Network. And in today's fiercely competitive commercial climate, the business with the most efficient information system is the business which beats the opposition.

Investing in top-notch technology leads to reduced costs and a vastly increased degree of flexibility within your business operation. That top-notch technology is precisely what DATEC offers.

The Network offers more than 40 nodes, throughout the UK, with over

500 ports of either leased line or dial-in connection.

It is based on statistical multiplexing using high-quality leased circuits which incorporate kilostream links from the main concentrator points at London, Manchester, Bedford and Taunton. As business demands, the network is continually being expanded.

Each node offers a variety of services which support IBM and ICL, viewdata and asynchronous protocols. In fact the system is so flexible that there are very few manufacturers' communications protocols the Network doesn't support.

The Network features sophisticated automatic line switching, to ensure an even spread of the load, and automatic re-routing to cope with any failures on the lines.

Security controls are built in. Systems access is limited to authorised users only.

All sorts of business operations, with varying demands and

requirements, can use the DATEC Network. More than 600 terminals are already in use.

Emulation packages are available to allow a single terminal to access IBM, ICL and Microdata equipment, thus enhancing the already considerable features of the system.

Various business systems are now accessed through the DATEC Network. These include stock control, order processing, credit authorisation, electronic mail and viewdata. In fact we were the first company to offer the use of credit authorisation telephones to a private credit card operator, and this service now also supports the large banks' cards such as VISA.

So if you'd like at-a-stroke control over your business facts and figures; if you want rapid, efficient and cost-effective communications between points all around the country, don't beat about the bush.

Get straight to the point with the DATEC Network service.

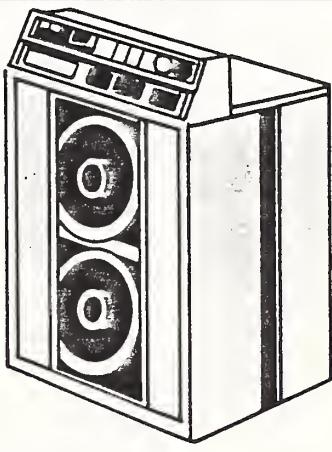
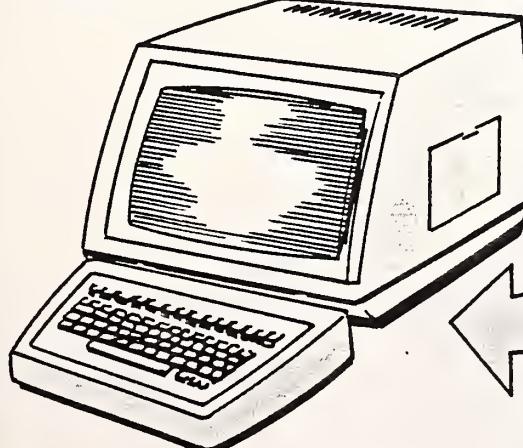
Instant credit check



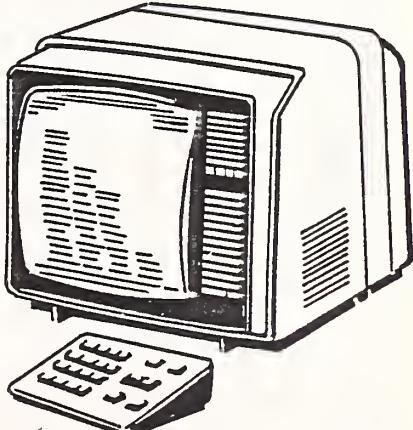
THE LINK TO
MAKE YOUR
SYSTEM
COMPLETE

NETWORK

Office terminals



Computer



Domestic/commercial viewdata

LOCAL CALL RATE ACCESS AREAS

Communication right across
the country – at local
phone call rates.



DATEC NETWORK ACCESS POINTS

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MANCHESTER
BEDFORD

Bournemouth
Brighton
Bristol
Bromley
Camberley
Cambridge
Canterbury
Cardiff
Chelmsford
Chester
Croydon
Derby
Eastbourne
Exeter
Folkestone
Gloucester
Great Yarmouth
Guildford
Harrogate
Harrow
Hastings

Hull
Ipswich
Leeds
Luton
Northampton
Norwich
Nottingham
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CIRCUIT
SWITCHING

MULTIPLEXING

PACKET
SWITCHING

PSS

KILOSTREAM

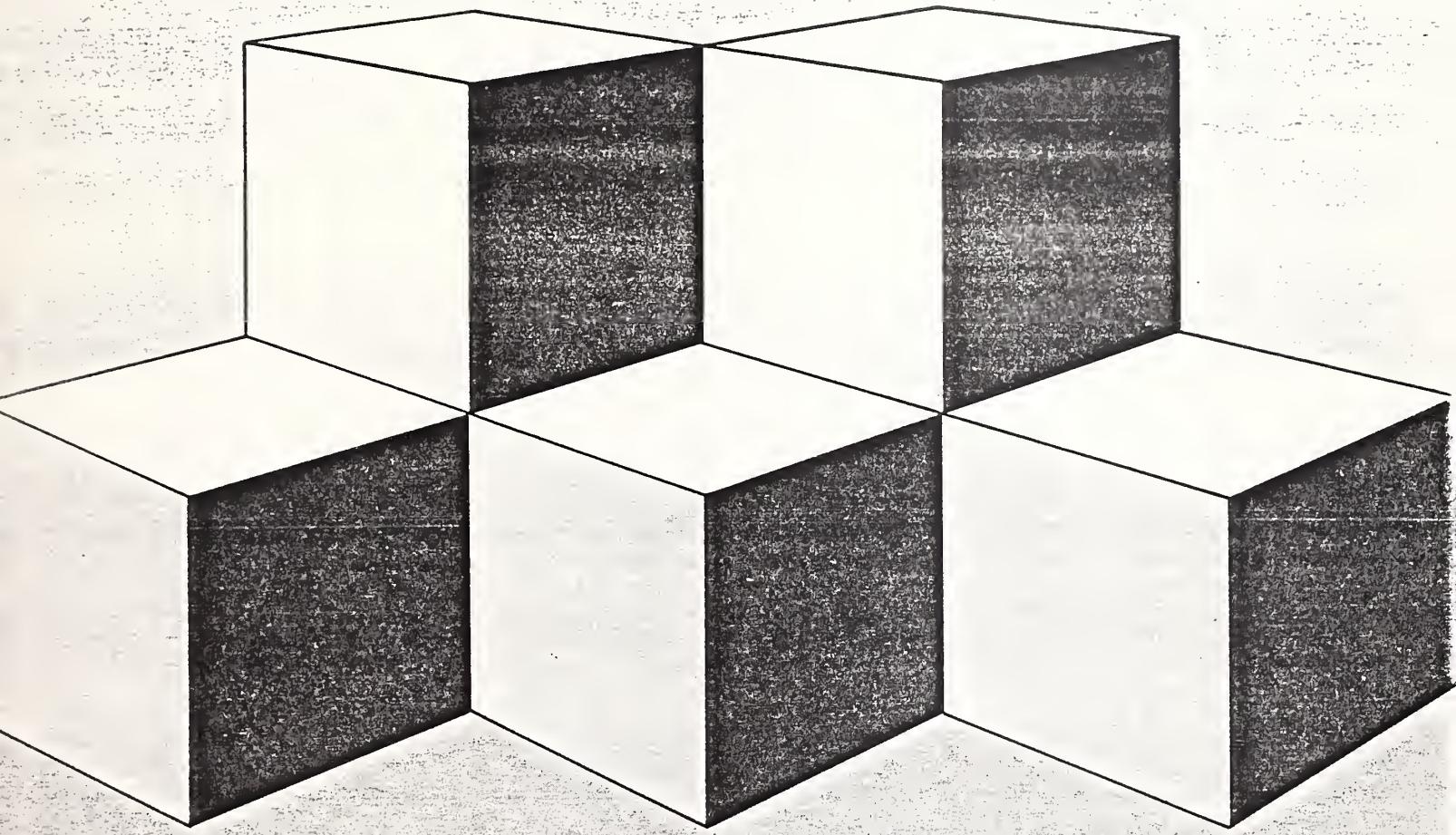
PROTOCOL
CONVERSION

NETWORK PLANNING
AND
CONSULTANCY

Don't take the
wrong road.
Team up with

datec

The five steps to your network



PLANNING

DESIGN

EQUIPMENT SELECTION

IMPLEMENTATION

OPERATION & REVIEW

datec Our expertise – yours for the asking

Tailor-made to your requirements

Thinking of building a data communications network? DATEC's Network Planning and Consultancy service will be with you every step of the way.

Using the statement of requirements produced and agreed with you, DATEC will carry out a detailed network design, incorporating all known needs and allowing for modification and expansion where appropriate.

NETWORK OPERATION AND REVIEW

Satisfactory operation of a major data network depends on regular and careful monitoring of performance. Efficient fault location and overload detection are also of prime importance.

DATEC will advise on the most appropriate network management tools to match your needs, and can if required offer a complete network management service.

A continuing programme of regular reviews with you, the client, will ensure the efficiency of your data communications strategy. And we'll help you look ahead. On-line network monitoring will alert you to the need for modifications and extensions - and this will enable you to avoid communications bottlenecks.

DATEC has detailed experience of every one of those five stages you'll meet on the road to building a communications network. So don't make mistakes: team up with DATEC.

EQUIPMENT SELECTION

Specialist knowledge is needed when it comes to selecting cost-effective data communications equipment. Researching the market is a time-consuming process - so again, leave it to the DATEC experts.

DATEC has extensive experience of implementing data communications systems and networks, and our knowledge of equipment from many different manufacturers and suppliers means we can provide impartial advice to clients on the most economic yet effective and reliable equipment to select.

IMPLEMENTATION AND PROJECT MANAGEMENT

DATEC will provide you with project management services, from the initial commitment-to-proceed stage through to your final acceptance of the commissioned network.

We have an unrivalled record in installing and commissioning country-wide private data networks, and in interfacing to public networks and to major computing and data processing centres.

PLANNING

The first vital stage is, of course, planning. A full examination of the needs of your organisation - in terms of both data traffic and network user types - must be carried out, and related to your business's overall structure.

DATEC will join with you in determining network requirements including preferred topology and connectivity, protocol handling and conversion needs, special reliability factors, traffic characteristics, and switching and contention facilities.

At this stage major decisions will be made about the type of network required. Should multiplexing, circuit-switching or packet-switching technology be used? Should there be interfacing to, or use of, public communications systems such as British Telecom's Packet Switchstream (PSS)? DATEC will make recommendations, and help you decide.

DESIGN

The detailed design of a communications network is affected by many factors, and benefits from the application of computer-based sizing and planning tools.

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